

**SAN LUIS OBISPO COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”), dated as of July __, 2015, is executed and delivered by the San Luis Obispo County Flood Control and Water Conservation District (the “Flood Control District”) in connection with the execution and delivery of \$ __, __, 000 principal amount of SLO County Financing Authority Nacimiento Water Project Revenue Refunding Bonds, 2015 Series A (the “2015 Series A Bonds”) and \$ __, __, 000 principal amount of SLO County Financing Authority Nacimiento Water Project Revenue Refunding Bonds, 2015 Series B (Taxable) (the “Taxable 2015 Series A Bonds” and together with the 2015 Series A Bonds, the “2015 Bonds”). The 2015 Bonds will be issued and secured pursuant to the terms of an Indenture of Trust, dated as of September 1, 2007 (the “Original Indenture”), as supplemented and amended by the First Supplemental Indenture of Trust dated as of _____ 1, 2015 (the First Supplemental Indenture” and together with the Original Indenture, the “Indenture”), each by and between the SLO County Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). The Flood Control District covenants and agrees on behalf of the Authority as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Flood Control District for the benefit of the Beneficial Owners of the 2015 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Disclosure Report*” shall mean any Annual Disclosure Report provided by the Flood Control District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the Chairman of the Flood Control District or such other official as may be designated in writing to the Dissemination Agent (if other than the Flood Control District) from time to time.

“*Dissemination Agent*” shall mean the Flood Control District, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Flood Control District and which has filed with the Flood Control District a written acceptance of such designation.

“*Filing Date*” shall mean March 31 of each Fiscal Year of the Flood Control District (or the next succeeding business day if such day is not a business day), commencing March 31, 2016.

“*Fiscal Year*” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Flood Control District and certified to the Trustee in writing by an Authorized Representative of the Flood Control District.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“*Official Statement*” means the Official Statement dated _____, 2015 relating to the 2015 Bonds.

“*Participating Underwriter*” shall mean the original underwriter of the 2015 Bonds required to comply with the Rule in connection with offering of the 2015 Bonds.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*Specified Event*” shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

SECTION 3. Provision of Annual Disclosure Reports.

(a) The Flood Control District shall provide, or shall cause the Dissemination Agent to provide, not later than the Filing Date, to the MSRB an Annual Disclosure Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Disclosure Report shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Disclosure Certificate. If the fiscal year of the Flood Control District changes, it shall give notice of such change in the same manner as for a Specified Event under this Disclosure Certificate.

(b) Not later than fifteen (15) Business Days prior to each Filing Date, the Flood Control District shall provide the Annual Disclosure Report to the Dissemination Agent (if other than the Flood Control District). The Flood Control District shall provide, or cause the preparer of the Annual Disclosure Report to provide, a written certificate with each Annual Disclosure Report furnished to the Dissemination Agent to the effect that such Annual Disclosure Report constitutes the Annual Disclosure Report required to be furnished to it hereunder. The Dissemination Agent may conclusively rely upon such certification and shall have no duty or obligation to review such Annual Disclosure Report.

(c) If the Flood Control District is unable to provide to the Annual Disclosure Report to the MSRB by the date required in subsection (a), the Flood Control District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) If not previously filed by the Flood Control District, send a notice to the MSRB in substantially the form attached as Exhibit A, if the Flood Control District is unable to provide to the Annual Disclosure Report to the MSRB by the date required in subsection (a).

(ii) File a report with the Flood Control District certifying that the Annual Disclosure Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

SECTION 4. Content of Annual Disclosure Reports.

(a) The Annual Disclosure Report shall contain or include by reference the following:

- (i) A statement of the amounts on deposit in the Nacimiento Water Fund;
- (ii) A summary of receipts of Water Revenues received from the Delivery Contracts by Participant and any delinquencies attributable to each Participant or Participants;
- (iii) The proceeds of sale by the Flood Control District of Surplus Water;
- (iv) Water Revenues received by the District from Wheeling Customers;
- (v) Water Revenues received by the Flood Control District from the sale of Reserve Water; and
- (vi) The costs of making such sales and collecting such revenues.

(b) The presentation and format of the Annual Disclosure Reports may be modified from time to time as determined in the judgment of the Flood Control District to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Flood Control District to reflect changes in the business, structure, operations, legal form of the Flood Control District or any mergers, consolidations, acquisitions or dispositions made by or affecting the Flood Control District; provided that any such modifications shall comply with the requirements of the Rule.

(c) In addition to any of the information expressly required to be provided under Sections 4(a) and 4(b), the Flood Control shall provide such other information, if any, necessary to the required statements, in light of the circumstances under which they were made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Flood Control District or related public entities, which have been made available to the public on the MSRB website. The Flood Control District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Specified Events.

(a) Pursuant to the provisions of this Disclosure Certificate, the Flood Control District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2015 Bonds not later than ten (10) business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person. This event is considered to occur upon the happening of any of the following: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Flood Control District shall give, or cause to be given, notice to the MSRB of the occurrence of any of the following events described in this Section 5(b) with respect to the 2015 Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in Section 5(a)(v) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2015 Series A Bonds or other material events affecting the tax status of the 2015 Series A Bonds;

(ii) Modifications to rights of the Bond holders;

(iii) Optional, unscheduled or contingent 2015 Bond calls;

(iv) Release, substitution, or sale of property securing repayment of the 2015 Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Flood Control District acknowledges that it is required to make a determination whether a Specified Event in in Section 5(b) above is material under applicable federal securities laws in order to determine whether a filing with the MSRB is required under Section 5(b). Notwithstanding the foregoing, notice of Specified Events described in Section 5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The Flood Control District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2015 Bonds. If such termination occurs prior to the final maturity of the 2015 Bonds, the Flood Control District shall give notice of such termination in the same manner as for a Specified Event under Section 5(c).

SECTION 7. Dissemination Agent. The Flood Control District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the Flood Control District.

The initial Dissemination Agent shall be the [Flood Control District].

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Flood Control District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2015 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the 2015 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 2015 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2015 Bonds.

(d) Any amendment that modifies or increases the duties or obligations of the Dissemination Agent shall be agreed to in writing by the Dissemination Agent.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Flood Control District shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Flood Control District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Specified Event, and (ii) the Annual Disclosure Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Flood Control District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a Specified Event, in

addition to that which is required by this Disclosure Certificate. If the Flood Control District chooses to include any information in any Annual Disclosure Report or notice of occurrence of a Specified Event in addition to that which is specifically required by this Disclosure Certificate, the Flood Control District shall have no obligation under this Agreement to update such information or include it in any future Annual Disclosure Report or notice of occurrence of a Specified Event.

SECTION 10. Default. This Disclosure Certificate shall be solely for the benefit of the holders and beneficial owners from time to time of the 2015 Bonds. In the event of a failure of the Flood Control District to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of the Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and upon receipt of indemnity satisfactory to the Trustee, shall), or any Holder or Beneficial Owner of the 2015 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by order of a court of competent jurisdiction in San Luis Obispo County, California, to cause the Flood Control District to comply with its obligations under this Disclosure Certificate, *provided* that any holder or beneficial owner seeking to require the Flood Control District to comply with this Disclosure Certificate shall first provide at least thirty (30) days prior written notice to the Flood Control District of the failure of the Flood Control District, giving reasonable detail of such failure. Failure by the Flood Control District to comply with any provision of this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Flood Control District to comply with the terms of this Disclosure Certificate shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Flood Control District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Flood Control District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Flood Control District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2015 Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Flood Control District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the 2015 Bonds, and shall create no rights in any other person or entity.

SECTION 13. Record Keeping. The Flood Control District shall maintain records of Annual Disclosure Reports and notices of Specified Events, including the content of such disclosure, the name of the entities with which such disclosure was filed and the date of filing of such disclosure.

SAN LUIS OBISPO COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

By: _____
Chairman

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL DISCLOSURE REPORT

Name of Obligated Party: San Luis Obispo County Flood Control and Water Conservation District

Name of Bonds: SLO County Financing Authority Nacimiento Water Project Refunding
Revenue Bonds 2015 Series A

SLO County Financing Authority Nacimiento Water Project Refunding
Revenue Bonds 2015 Series B (Taxable)

Date of Delivery: July __, 2015

NOTICE IS HEREBY GIVEN that the Flood Control District has not provided an Annual Disclosure Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of July __, 2015, with respect to the 2015 Bonds. [The Flood Control District anticipates that the Annual Disclosure Report will be filed by _____.]

SAN LUIS OBISPO COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

By: _____

[cc: Trustee]